

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII 96813-3065 / TELEPHONE 547-7000

ROD TAM
COUNCILMEMBER
DISTRICT VI
Chair, Committee on Public Works
& Economic Development
Phone: (808) 547-7006
FAX: (808) 523-4220
rtam@honolulu.gov

RECEIVED
CITY CLERK
MAR 13 3 52 PM '06

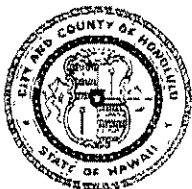
DATE: MARCH 13, 2006
TO: ALL MEDIA
FROM: COUNCIL MEMBER ROD TAM
SUBJECT: PRESS CONFERENCE INFORMATION ON KUKUI GARDENS

PLEASE FIND THE FOLLOWING:

1. REMARKS MADE BY COUNCIL MEMBER ROD TAM (3 PAGES)
2. RESOLUTION 06-091 (4 PAGES)
3. RESOLUTION 06-068 (2 PAGES)
4. HB 2239, HD1 (2 PAGES)
5. BILL STATUS OF HB 2239 HD1 (2 PAGES)

TOTAL OF 14 PAGES INCLUDING COVER SHEET

PLEASE CALL 547-7006 SHOULD THERE BE ANY PROBLEMS WITH
TRANSMISSION. THANK YOU



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CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII 96813-3065 / TELEPHONE 547-7000

MAR 13 3 52 PM '06

March 12, 2006

TO: PUBLIC & NEWS MEDIA

FROM: COUNCIL MEMBER ROD TAM
COUNCIL DISTRICT VI

A handwritten signature in dark ink, appearing to be "RT", is written over the printed name "ROD TAM".

SUBJECT: LEGISLATION FROM CITY & COUNTY OF HONOLULU AND
STATE OF HAWAII TO CONDEMN LAND & RENTAL HOUSING TO
PERPETUATE LOW & MODERATE AFFORDABLE RENTAL HOUSING AT
KUKUI GARDENS

The city and County of Honolulu and State of Hawaii's Legislature is taking a proactive position and action to legislate perpetual low and moderate affordable rental housing at Kukui Gardens. Councilman Rod Tam has introduced Resolution 06-091 and State representative Michael Kahikina has introduced Bill 2239. The legislative measures are in support of the present and future residents of Kukui gardens. To do otherwise would result in enabling the future Kukui Gardens' owners to demolish 857 rental units and over 2,500 residents becoming homeless after the year 2011, at which time the Department of Housing and Urban Development (HUD) program at Kukui

Gardens ends. The future Kukui Gardens' owner would be able to build 150 feet height luxury condominiums on 21 acres of land.

The legislation embraces a partnership between the City and County of Honolulu, State of Hawaii and non-profit rental housing entities, to perpetuate affordable rental housing. Currently, the city and state has an insufficient number of government owned affordable rental units available. The waiting list at Kukui gardens for government owned affordable rental units is large and the waiting time is five years.

The condemnation of Kukui Garden's land and rental units may be avoidable if Kukui Gardens Corporation's directors sell Kukui Gardens to a non-profit rental housing entity committed to perpetual affordable rental housing beyond the year 2011. Enclosed is the current list of Kukui Gardens Corporation's directors, who are associated with St. Francis Medical Center, Catholic Charities, St. Louis High School, and Chaminade University, the beneficiaries of the sale for Kukui Gardens.

On Tuesday, Mar 13, 2006 Larry Ching, and C. B. Ellis Reality will make a preliminary selection of prospective buyers. A final buyer will be selected on Thursday, march 23, 2006 in Honolulu, Hawaii by Kukui Gardens Corporations Board of Directors.

Per Councilman Tam, "I request for Kukui Gardens Corporation Board of Directors to prevent the demolishing of Kukui Gardens rental units after the year 2011 and perpetuate affordable rental housing for Hawaii's youth and elderly. It is terrible to be homeless. Catholic entities benefiting from the sale of Kukui Gardens need to be sympathetic and caring."

For further information, please call Councilman Rod Tam at 216-5454 (cellular).



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 06-091

RESOLUTION

(FOR CONDEMNATION)

PROVIDING FOR THE ACQUISITION OF KUKUI GARDENS FOR PRESERVATION OF AFFORDABLE RENTAL HOUSING AND DETERMINING AND DECLARING THE NECESSITY OF THE ACQUISITION THEREOF BY EMINENT DOMAIN.

BE IT RESOLVED by the Council of the City and County of Honolulu:

I.

That for public use and purpose, to wit: preservation of affordable rental housing on TMK: 1-7-026:007, being 18.8831 acres and TMK: 1-7-026:013, being 2.405 acres, situated in Chinatown in downtown Honolulu, proceedings in eminent domain as provided by law be instituted for the acquisition of the aforesaid parcels as shown on the map designated as Exhibit "A," attached hereto and by reference made a part hereof.

WHEREAS, it was the vision of Clarence T.C. Ching that an affordable rental housing project would provide a great benefit to the residents of the downtown area; and

WHEREAS, in 1970 through Mr. Ching's perseverance and with the assistance of the City and County of Honolulu in condemning the land for the purpose of creating an affordable housing project, the Kukui Gardens Housing Complex was initiated; and

WHEREAS, this project was financed with the assistance of the United States Department of Housing and Urban Development (HUD) program 221 D3 BMIR (Below Market Interest Rate) in which HUD subsidized part of the mortgage interest payment for the developer in order for him to keep rental rates affordable; and

WHEREAS, this was a forty-year mortgage that expires in 2011 when the mortgage will be paid off and until that time the rental rates shall remain affordable as per the agreement that was signed between the developer and HUD; and

WHEREAS, little did Mr. Ching know at the time what an important part of the city's affordable rental housing market his project would become today, offering affordable rental housing to 2500 tenants in 857 units at a time when affordable rental housing is scarce or in very short supply; and



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No. 06-091

RESOLUTION

WHEREAS, in the decades after its opening, the Kukui Gardens Housing Complex has remained a model affordable housing project and continues to provide a vital need in the community; and

WHEREAS, the owners of the Kukui Gardens Housing Complex, Kukui Gardens Corporation, in anticipation of the expiration of the agreement with HUD in 2011 to keep rental rates affordable, has initiated the sale of the Kukui Gardens Housing Complex; and

WHEREAS, there is no guarantee by the current owner that any future buyer will keep rental rates at affordable levels or even if the complex will be preserved and not torn down for construction of luxury or market rate condominiums; and

WHEREAS, the current residents, some of whom have lived there for over 20 years, have signed a petition to preserve the complex and its affordable rental rates; and

WHEREAS, it would be in the best interest of the current residents and the city to insure that this affordable housing complex is preserved for the future; now therefore,

BE IT RESOLVED that the city is committed to preserving the Kukui Gardens Housing Complex as an affordable rental complex as this was the intended purpose of the city's original condemnation of the land; and

That the Corporation Counsel of the City and County of Honolulu be and is hereby authorized and empowered to institute said proceedings.

That the acquisition by eminent domain is necessary for the aforesaid public use and purpose.



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HONOLULU, HAWAII

No. 06-091

RESOLUTION

II.

That in the process of said proceedings in eminent domain, the Corporation Counsel be and is hereby authorized and empowered to negotiate the terms of settlement, subject to the approval of this Council and, if required, of the Court before which such proceedings are instituted.

INTRODUCED BY:

Rod Tan
Steve K. Garcia
Perry M. Smith
Donald H. Delaney

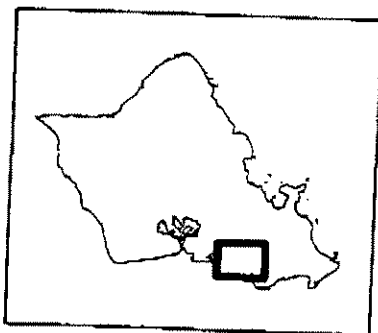
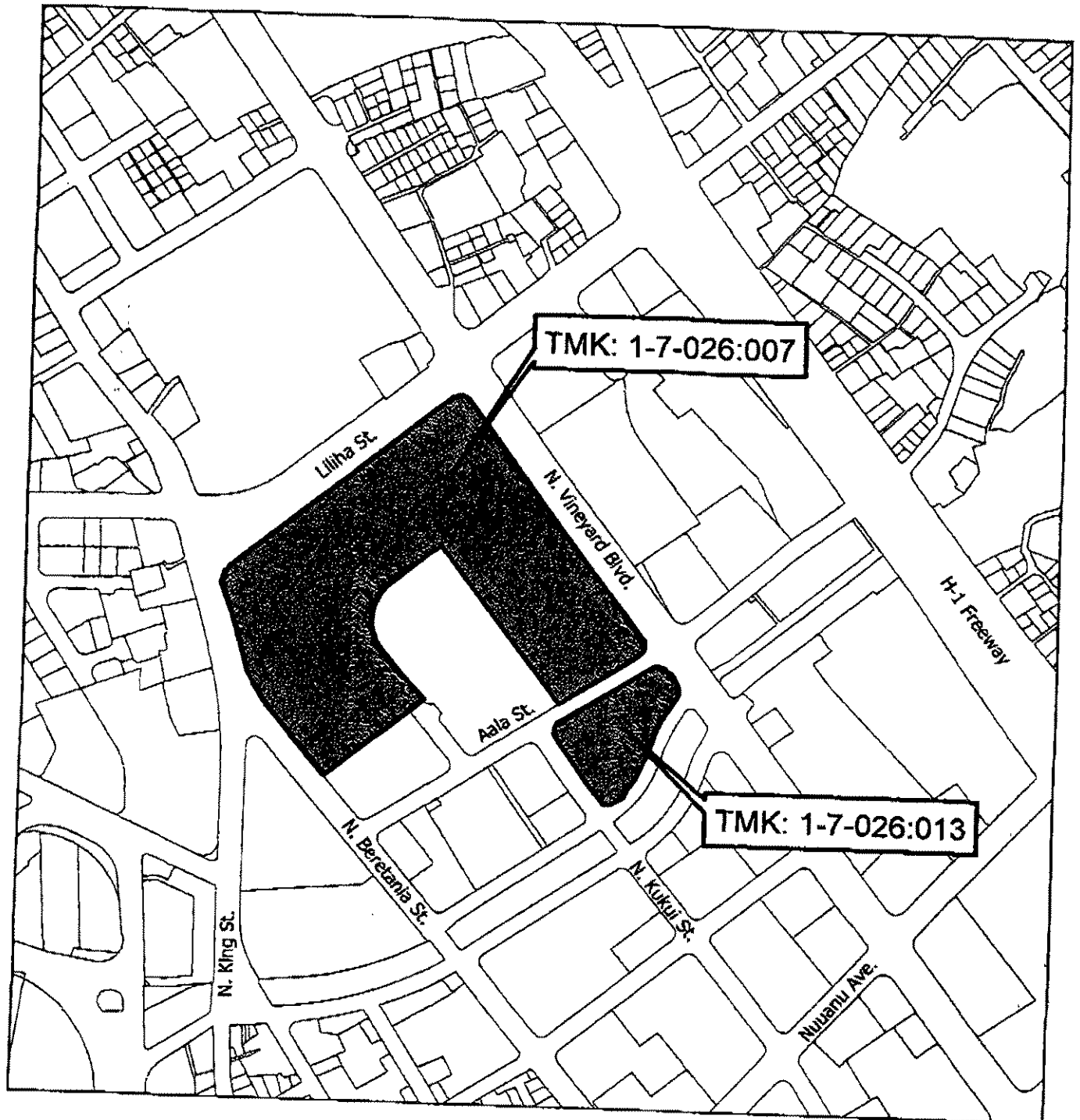
DATE OF INTRODUCTION:

MAR 13 2006Honolulu, HawaiiCouncilmembers

APPROVED this _____ day of _____, 2006.

MUFU HANNEMANN, Mayor
City and County of Honolulu

(OCS/030906/ct)



LOCATION MAP CHINATOWN

TAX MAP KEY:
1-7-026:007 &
1-7-026:013

Exhibit A



PREPARED BY
OFFICE OF COUNCIL
SERVICES

MARCH 2006

06-091



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 06-068

RESOLUTION

URGING THE KUKUI GARDENS CORPORATION TO ENSURE THE AFFORDABILITY OF UNITS IN THE KUKUI GARDENS HOUSING COMPLEX.

WHEREAS, the Joint Legislative Housing and Homeless Task Force ("State Task Force") recently submitted a report to the 2006 legislature that recommended increased funding to the rental housing trust fund in order to finance the development of up to 5,238 additional rental units over the next five years; and

WHEREAS, the State Task Force backed their recommendation by noting that in addition to an affordable housing crisis, the City and County of Honolulu currently faces an affordable rental housing crisis as reflected in the finding that the median rent of a single family home on Oahu in 2005 was \$2,204, while the rent that a family of four at eighty percent of Hawaii's median income could afford to pay was only \$1,410; and

WHEREAS, the Kukui Gardens Housing Complex ("Kukui Gardens") provides 857 affordable rental units to 2,500 low and moderate-income residents at rates ranging from \$444 for a one-bedroom apartment to \$818 for a four-bedroom unit; and

WHEREAS, Kukui Gardens, which opened in 1970, was built with financing from the U.S. Department of Housing and Urban Development ("HUD") on land condemned by the city to ensure long-term affordable rental housing for needy residents and families; and

WHEREAS, the recent announcement by the Kukui Gardens Corporation that it would put Kukui Gardens up for sale underscores the vulnerability of affordable rental units in a real estate market where substantial profits can be realized through the sale of these units; and

WHEREAS, with the expiration in 2011 of the development agreement with HUD to maintain Kukui Gardens as affordable rental housing, a new owner could rent the units at amounts substantially higher than can be afforded by the current residents or sell the individual units outright; and

WHEREAS, the State Task Force recommended that the legislature "consider State acquisition of government subsidized affordable housing projects that are eligible to convert to market priced housing over the next five years, including Kukui Gardens"; and

WHEREAS, the possible sale of the land beneath the city-owned Kulana Nani apartments, a public rental complex in Kaneohe, has resulted in EAH Inc., a nonprofit



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HONOLULU, HAWAII

No. 06-068

RESOLUTION

managing agent, expressing interest in purchasing the land and the buildings in order to preserve the apartments as affordable housing; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the Kukui Gardens Corporation is urged to ensure the affordability of units in the Kukui Gardens Housing Complex, both now and in the future; and

BE IT FURTHER RESOLVED that the Kukui Gardens Corporation is urged to seek out, and seriously consider offers from, the State of Hawaii, non-profit organizations, and other potential buyers that would commit to maintaining and preserving the Kukui Gardens Housing Complex as affordable rental housing in perpetuity; and

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Kukui Gardens Corporation, the President of the Hawaii Senate, the Speaker of the Hawaii House of Representatives, the Governor, the Mayor, the Kukui Gardens Community Association, and the U.S. Department of Housing and Urban Development.

INTRODUCED BY:

Ed Farn
Romy M. Luchi
Andy Kuyashiki
Dwight Davis
Natalie Brown
Diana W. Delo
Edo Q
Charles Marshall

DATE OF INTRODUCTION:

FEB 21 2006

Honolulu, Hawaii

(OCS/021006/ct)

Councilmembers

Kukui Gardens Acquisition

Description:

Appropriates funds to acquire the property currently known as Kukui Gardens from Kukui Gardens Corp. Authorizes eminent domain proceedings should the acquisition be unsuccessful. (HB2239 HD1)

HOUSE OF REPRESENTATIVES

H.B. NO. 2239

TWENTY-THIRD LEGISLATURE, 2006

H.D. 1

STATE OF HAWAII

A BILL FOR AN ACT

relating to land acquisition.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. In its final report dated January 2006, the joint legislative housing and homeless task force (task force) expressed concern that the inventory of affordable housing rental units may be reduced. Affordable rental housing projects built in part with government subsidies have been offered for sale at market prices as a result of the expiration of income and conveyance restrictions encumbered on the property. The task force is committed to ensuring that such units remain affordable to persons at certain income levels.

In recent months, media reports have announced several affordable housing projects that may be offered for sale, such as the Kukui Gardens affordable rental housing project. Kukui Gardens was built in part with federal funds and its affordability restrictions will expire in five years.

The purpose of this Act is to preserve Kukui Gardens as an affordable housing project.

SECTION 2. The Hawaii housing finance and development administration shall immediately initiate negotiations with Kukui Gardens Corp. to

MAR 13 2006 03:45PM Kukui Gardens property, and may partner with private P.12/12
developers for acquisition of the property; provided that one
hundred per cent of the housing units on the property shall be
retained in perpetuity as affordable housing for households at or
below one hundred twenty per cent of the median family income as
determined by the United States Department of Housing and Urban
Development.

The Hawaii housing finance and development administration shall
submit a report to the legislature no later than twenty days prior
to the convening of the regular session of 2007 regarding its
efforts to acquire Kukui Gardens and its recommendations for
financing the purchase of the property.

SECTION 3. There is appropriated out of the general revenues of the
State of Hawaii the sum of \$ or so much thereof as may be necessary
for fiscal year 2006-2007 for land acquisition of Kukui Gardens, tax
map key 1-7-26:7, owned by Kukui Gardens Corporation; provided that
if an agreement to acquire the property is not reached by June 30,
2007, the Hawaii housing finance and development administration
shall exercise its power of eminent domain to acquire the property.

The sum appropriated shall be expended by the Hawaii housing finance
and development administration for the purposes of this Act.

SECTION 4. This Act shall take effect on July 1, 2006.